

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE CATV POLE ATTACHMENT	)	
TARIFF OF LEWISPORT	)	ADMINISTRATIVE
TELEPHONE COMPANY, INC.	)	CASE NO. 251-12

O R D E R

Procedural Background

On September 17, 1982, the Commission issued an Amended Order in Administrative Case No. 251, "The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments," and ordered electric and telephone utilities providing or proposing to provide CATV pole attachments to file tariffs conforming with the principles and findings of the Order on or before November 1, 1982.

On November 19, 1982, the Kentucky Cable Television Association, Inc., ("KCTA") requested and was granted leave to intervene and comment on the CATV pole attachment tariff to be filed by Lewisport Telephone Company, Inc., ("Lewisport"). On December 13, 1982, Lewisport filed rates, rules, and regulations governing CATV pole attachments, after having been granted an extension of time to file on November 15, 1982. On January 17, 1983, KCTA filed a statement of objections to various CATV pole attachment tariffs, but made no specific objections in the case of Lewisport.

The Commission acknowledges that it did not suspend Lewisport's CATV pole attachment tariff. However, Lewisport gave improper notice to the Commission by making the tariff effective retroactively on November 1, 1982. Furthermore, an evaluation of the tariff has revealed

numerous areas where it is inconsistent with the Commission's Amended Order in Administrative Case No. 251. The Commission enters this Order to modify Lewisport's CATV pole attachment tariff.

#### Findings

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Lewisport's rules and regulations governing CATV pole attachments do not conform with the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and should be denied.

2. Lewisport did not file a rate, rule, or regulation governing CATV anchor attachments. The Commission advises Lewisport that it is not required to provide CATV anchor attachments. However, in the event Lewisport provides or plans to provide CATV anchor attachments, it should file a CATV anchor attachment rate, along with appropriate cost information.

3. Lewisport did not file a rule or regulation governing CATV conduit usage. The Commission advises Lewisport that in the event it provides or plans to provide CATV conduit space, it should file a CATV conduit usage rate, along with appropriate cost information.

4. Lewisport failed to provide sufficient information to verify its calculations of embedded pole cost. Therefore, Lewisport should file information from plant records or another reliable source showing the number of 30-foot, 35-foot, 40-foot, and 45-foot poles in service, and related pole investment. The information should be classified according to vintage year. Also, any discrepancy

between the total number of poles shown in the calculations of embedded pole cost and the total number of poles shown in the 1981 Annual Report should be explained.

5. Lewisport's calculation of its annual carrying charge should be modified as follows:

(a) The depreciation component should be 3.90 percent, as stated in the 1981 Annual Report.

(b) The cost of money component should be deleted in lieu of a rate of return that includes the cost of debt.

(c) The taxes component should be 2.18 percent, as calculated from the 1981 Annual Report.

(d) The administration and overhead component should be 14.75 percent as calculated from the 1981 Annual Report.

(e) The maintenance component should be 8.56 percent, as calculated from the 1981 Annual Report. The maintenance component should be based on the most recent available information. It should not be calculated as a 5-year average or inflated.

(f) The rate of return component should be 7.79 percent, which is 1.5 times Lewisport's cost of debt, as calculated from the 1981 Annual Report. The rate of return component should be based on the 1981 Annual Report because Lewisport has not had a rate case before the Commission in the recent past in which a rate of return was authorized.

(g) The total annual carrying charge should be 37.18 percent, based on calculations from the 1981 Annual Report.

6. Lewisport should be allowed to substitute 1982 Annual Report information to adjust its annual carrying charge, if the information is available and filed with the Commission. Furthermore, any adjusted calculation of the annual carrying charge should be made as outlined in Attachment 1 to this Order, unless a specific deviation is requested and reasonable cause demonstrated.

Orders

IT IS THEREFORE ORDERED that Lewisport's CATV pole attachment tariff as filed with the Commission on December 13, 1982, be and it hereby is denied.

IT IS FURTHER ORDERED that Lewisport shall file revised rates, rules, and regulations governing CATV pole attachments with the Commission within 30 days from the date of this Order, and that the revised rates, rules, and regulations shall conform with the findings of this Order.

IT IS FURTHER ORDERED that Lewisport shall file information as outlined in this Order concerning embedded pole cost, at the same time it files its revised rates, rules, and regulations.

Done at Frankfort, Kentucky, this 31st day of March, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

ATTACHMENT 1

CATV Annual Carrying Charge

The annual carrying charge should be based on the 1981 or 1982 Annual Report, Form M, to the Public Service Commission of Kentucky, and Commission Orders, as follows:

1. Depreciation

Depreciation on pole lines is stated at Page 31, Line 7, Column (d).

2. Taxes

The formula for calculating taxes is:

$$\frac{\text{Page 16, Lines 6 + 7, Column (b)}}{\text{Page 12, Line 10, Column (b)}}$$

3. Administration and Overhead

The formula for calculating administration and overhead is:

$$\frac{\text{Page 61, Lines 36 + 45 + 51 + 61, Column b}}{\text{Page 12, Line 10, Column } \frac{(b + c)}{2}}$$

4. Maintenance

The formula for calculating maintenance is:

$$\frac{\text{Page 60, Line 1, Column (b)}}{\text{Page 19, Line 11, Column } \frac{(b + h)}{2}}$$

5. Rate of Return

The formula for calculating rate of return is:

$$1.5 \times \frac{\text{Page 16, Lines 23 + 24, Column (b)}}{\text{Page 13, Line 62, Column } \frac{(b + c)}{2}}$$